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FEDERAL DEPOSIT INSURANCE CORPORATION

## consumer news



## Banking With Apps

*Where your  
mobile device  
meets banking*

Technology is transforming the business of traditional banking. Financial technology (fintech) provides convenient access to many banking products and services. At the same time, it has blurred the lines between banks and non-banks. There are banks offering mobile banking services, internet-based banks, and even banks launching digital-only brands separate from the bank's own brand. In addition, non-bank companies are marketing and offering fintech apps for accounts that may not be FDIC-insured.

Here is an overview of the differences between deposit accounts offered by banks and financial products offered by non-bank companies, as well as tips for consumers considering using "fintech" for their banking needs.

### **FDIC-Insured Banks**

Banks that are FDIC-insured must indicate that they have FDIC insurance in advertisements and at teller windows. The FDIC insures each depositor up to at least \$250,000 at each FDIC-insured bank in the unlikely event that their bank closes (for more information on FDIC deposit insurance, visit <https://www.fdic.gov/deposit/>). This means that your funds will be protected in the unlikely event that your bank closes due to financial difficulties.

Some FDIC-insured banks are internet-based and provide no physical branches for customers, so your banking is conducted on a computer, mobile device, or Automated Teller Machine (ATM). Even though there is no branch building, you can typically speak with bank staff by phone, if necessary. It's always a good idea to shop around and compare the services offered by different banks--the interest rates, fees, and other costs for those services--to find the bank that fits your needs best.

Banks that have physical locations where customers can visit (sometimes called "brick and mortar" banks) may offer services such as money orders, notarizing documents, and safe deposit boxes, in addition to other traditional banking services. Most of them also offer online and mobile banking options, giving you the ability to conduct your banking at a branch or while you are at home or on the go.

Online or in person, consumers with deposits at FDIC-insured banks benefit from deposit insurance coverage. Also, establishing a deposit relationship with an FDIC-insured bank can open opportunity to other financial services like a car or home loan.

Before opening an account with a bank, it's important to make sure it is a legitimate bank and not a fraudulent website set up by criminals to entice people into transferring money or disclosing personal information for use in committing identity theft. If dealing with an FDIC-insured bank is important to you, you can confirm that it is FDIC-insured by accessing the FDIC's [BankFind](#).

### **Non-bank Companies**

Fintechs and other non-bank companies offer a variety of financial products and services. They may offer deposit products that are FDIC-insured. Sometimes these companies act as "deposit brokers." Other times, they have contractual arrangements with FDIC-insured banks to place their customers' funds in insured depository accounts at those banks.

It is important to be aware that non-bank companies are never FDIC-insured. Even if they partner with FDIC-insured banks, funds you send to a non-bank company

are not FDIC-insured unless and until the company deposits them in an FDIC-insured bank. You need to understand the terms and conditions of financial products offered by non-bank companies and how your funds may, or may not, be protected. If a non-bank company offers products that it states are FDIC-insured, you should verify with the company that your funds will be deposited in an FDIC-insured bank, how and when that will happen, and the specific FDIC-insured bank or banks where they will be deposited (so you can confirm that they are FDIC-insured using [BankFind](#)).

Understanding the differences between FDIC-insured banks and fintechs or other non-bank companies, as well as all aspects of the products and services they offer, will help you determine what is best for your needs. Some fintechs or other non-bank companies may appear to be banks because they offer products similar to deposit accounts and in some cases even use the word "banking" in their name or description. Remember that FDIC insurance covers deposits in the bank in the event an FDIC-insured bank

is closed. It does not cover the closing of a non-bank company or money that has not been deposited in an FDIC-insured bank.

If technology glitches happen with your fintech app, you may experience error messages, slow response times, or site crashes that temporarily impede access to your accounts or other mobile banking services. Be sure to contact the app's customer service as soon as possible to help resolve the issue.

If you have deposit insurance questions and wish to speak to a deposit insurance specialist, call 1-877-ASK-FDIC (1-877-275-3342) or go to the [FDIC Information and Support Center](#).

For more information on fintech and mobile banking, visit:

FDIC: <https://www.fdic.gov/events/fintech-bridge/index.html>

FDIC: <https://www.fdic.gov/consumers/consumer/news/october2019.html>

**For more help or information, go to [www.fdic.gov](http://www.fdic.gov) or call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342). Please send your story ideas or comments to Consumer Affairs at [consumeraffairsmailbox@fdic.gov](mailto:consumeraffairsmailbox@fdic.gov)**

